CITY OF REGINA

Saskatchewan, Canada

2002 Annual Financial Report

Year Ended December 31, 2002

103-06248/

City of Regina
Saskatchewan, Canada

2002 Financial Report

Year Ended December 31, 2002

Canadian Award for Financial Reporting

Presented to

City of Regina, Saskatchewan

For its Annual
Financial Report
for the Year Ended
December 31, 2001

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Regina for its annual financial report for the fiscal year ended December 31, 2001. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements and we are submitting it to GFOA.

This is the 10th time the City of Regina has received an award for its Annual Financial Report.

The 2002 Annual Report for the City of Regina was prepared by the Finance Department, with contributions from all City Departments and related organizations.
City of Regina, Saskatchewan, Canada
www.regina.ca

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CITY OF REGINA

July 8, 2003

His Worship the Mayor and Members of City Council:

I am pleased to submit the City of Regina's Annual Financial Report for the year ended December 31, 2002. The Annual Financial Report is submitted pursuant to Section 155 of *The Cities Act*. The financial report includes consolidated financial statements for the City of Regina reporting entity as required by the Public Sector Accounting Standards Board ("PSAB"). The purpose of this report is to provide financial, statistical and other information about the City of Regina and related entities to allow readers to gain an understanding of the City and the resources available to the City.

The Annual Financial Report consists of the following sections:

- The introductory section is to familiarize the readers with the history of Regina, the political and organizational structure of the City, and the nature and scope of the services provided by the City.
- The financial section includes the Consolidated Financial Statements.
- The statistical section contains additional information to provide a broader understanding of the City of Regina.

The preparation and presentation of the financial statements and related information contained in this annual report is the responsibility of management of the City of Regina. The statements have been prepared on a basis consistent with the recommendations of PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Regina. These entities include: Regina Public Library, Regina Regional Economic Development Authority, Regina Pioneer Village, Regina Downtown and Buffalo Pound Water Administration Board.

City Council has appointed the accounting firm of Deloitte & Touche, LLP to perform an independent audit of the City's 2002 financial statements, and their report is included herein. The accuracy and reliability of the financial information is ensured by the City's system of internal controls. The Finance and Administration Committee is required to review the external auditors' audit plan, and ensure corrective action is taken for weaknesses identified in the City's internal control system.

The planning, development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. Significant points to note regarding the financial administration of the City include:

- In 2002, there was an increase in the City's mill rate of 4.33%. Core programs and service levels were maintained, while the amount of funding for capital requirement was increased.
- The City's AA+ bond rating with a stable outlook was reaffirmed by Standard and Poor's.

- For 2002, the City's General Operating Fund ended the year with an operating surplus of approximately $3.9 million. The surplus is determined on a basis consistent with the presentation of the 2002 General Operating Budget and is prior to consolidation and application of the PSAB standards.

- Based on the consolidated information, the following points are noted for 2002:

  - Total revenues in 2002 increased by about $6.2 million from 2001. The increase resulted from increases in taxation, interest and water and sewer utility revenues.

  - Total expenditures in 2002 increased by about $16.1 million. A portion of this change resulted from increases in wages and benefits from negotiated or arbitrated settlements. Another significant portion is the result of a reduction in 2001 expenditures that occurred because of the settlement of a lawsuit against a former actuary. The settlement reduced the City's liability for the Police Pension Plan.

The City's achievements in providing accurate and articulate financial statements were recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for the 10th consecutive year. GFOA awarded a Canadian Award for Financial Reporting to the City of Regina for its annual financial report for the fiscal year ended December 31, 2001. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

Respectfully submitted,

Doug Fisher, CA
Director of Finance

Introductory Section

Message from the Mayor

In 2003, Regina celebrates its 100th Anniversary of its incorporation as a city. As its 33rd Mayor, I am proud of our history that allowed a small town of 3,000 residents to blossom into a vibrant, metropolitan city of nearly 200,000 people a century later. Over and over again, I hear from residents why they love Regina and believe it is one of the greatest cities to live, work, play, and visit.

Residents enjoy a quality of life many people across Canada envy. In 2002, Regina was rated by the "Places Rated Almanac" as one of North America's 20 Best Small Metro Areas (based on a population under 250,000). It's not hard to see why. Residents enjoy the many festivals, sporting events, and cultural activities scheduled throughout the year. Citizens have so much free time to spend with family and friends because of our short 15-minute commute to anywhere in the city. As well, we are proud to show off Regina when we host national and international events like the 2003 Grey Cup.

Like many other cities, Regina is dealing with the changing role of local government in the 21st Century. Over the past several years, other levels of government have reduced or eliminated programs. Citizens have looked to the local government to fill in the gaps. Regina, along with other Saskatchewan cities, are working together to find solutions to address this need without increasing the overall tax burden.

Even with these challenges, the City Of Regina works hard to maintain the quality of life its citizens expect. In a 2002 municipal survey, over 85% of residents asked believed the City is doing a good or excellent job of providing services to its citizens. In the same survey, over three-quarters of our citizens considered Regina a safe community to live in.

Our financial picture is stable and our future is promising. The City of Regina continues to have a "AA+" credit rating with a stable outlook from Standard and Poor's Rating Service. In their annual comparison survey of 64 cities, KPMG ranked Regina as having the eight lowest overall business costs among major North America and Canadian cities, and fourth for Canadian and US cities in the Midwest region. Factors such as these, coupled with Regina's Regional Economic Development Authority's Connecting the Community cluster process, will help us meet City Council's 2010 vision "to be a city of 250,000 citizens, within a region of 300,000."

Sincerely,

Pat Fiacco

Pat Fiacco
Mayor

Community Overview

Since its inception in 1882, Regina has grown from a small CPR railway depot to a vibrant, multi-cultural city that is an anchor of economic activity in the middle of Canada's vast rolling prairies. As Saskatchewan's capital, the Queen City embraces its diversity while its citizens enjoy an enviable quality of life.

Over 187,000 people have made Regina their home. A proud past, terrific lifestyle, civic pride, our long-term vision and thriving business community are just some of the reasons why Regina continues to be a great place to live.

"I Love Regina" Campaign

In June 2002, the Mayor helped launch "I Love Regina" a community-driven initiative to welcome new and returning residents to the Queen City and to allow residents a chance to come together and celebrate the city's strengths. Since the campaign's launch, the "I Love Regina" logo has blossomed everywhere...on lapel pins, t-shirts, hats and cups, as citizens show their pride in their city and spread the message to friends and family across Canada and beyond.

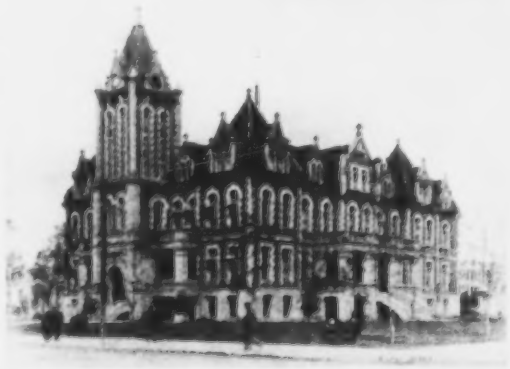
Proud Past

In June 1882, a group of 17 pioneers set up camp near the site of the present-day Wascana Lake. A small CPR railway depot was quickly built to service the growing community, named after Queen Victoria. A year later, Regina became the capital of Canada's North West Territories, which at that time, encompassed an area larger than present-day Europe.

By 1903, Regina boasted a population of over 3,000 people. On June 19th that year, Regina was officially incorporated as a city with J.W. Smith as its first Mayor.

The vibrant, multi-cultural city that describes Regina today is a result of the hard work and dedication of its citizens over the last century. In 2003, Regina marks the 100th anniversary of its incorporation with three official events:

- Mayor's Levee at City Hall on New Year's Day.
- Re-enactment of the signing of the City's proclamation on June 19th. Special events have been planned during this Centennial Week, including a royal visit by His Royal Highness, the Earl of Wessex and a spectacular fireworks display.
- 91st CFL Grey Cup on November 16, 2003.



Many organizations and residents are planning to host their own Centennial Events in 2003. For more information about these events, visit the City's web site at www.regina.ca.

A Great Place to Work, Play and Raise a Family

In their 2002 survey of North America's Best Small Metro Areas (population under 250,000), the *Places Rated Almanac* placed Regina in the top 20. Regina was one of two Canadian cities in this category to achieve this ranking. The city had excellent or above average ratings in terms of cost of living, transportation, the arts, recreation, education and health care.

Regina's affordable cost of living is maintained by its reasonable housing prices (average $100,751 in 2002) and low 2002 annual inflation rate of 2.7%. The Queen City also boasts one of the lowest unemployment rates in Canada, averaging 5.4% in 2002.

Regina's compact size allows residents to travel from one end of the city to the other in less than a half hour. The City's paved roadway network extends over 875 kilometres. A transit service provides access to nearly all areas of the city for those who do not own a vehicle.

Short commute times allow this closely-knit community more time to pursue leisure activities. Each year, the city's nine library locations circulate over 600,000 items to over 100,000 patrons. In 2002, the city-owned Rosemont Art Gallery celebrated 20 years as one of Western Canada's first publicly-funded civic art centres while the Dunlop Art Gallery celebrated its 30th anniversary. In 2003, the nationally acclaimed MacKenzie Art Gallery will celebrate its 50th anniversary.

Many residents enjoy the concerts hosted by the Regina Symphony Orchestra – Canada's oldest continuous symphony orchestra. Others enjoy the many amateur and professional theatre productions held throughout the year. Reginans also enjoy recreational sporting activities and take advantage of civic facilities such as the 225 ball parks, 82 athletic fields, seven arenas, six golf courses, three leisure centres and the Fieldhouse and Lawson Aquatic Centre.

Many local organizations host world-class, multi-cultural events in Regina each year.

- In April, the Saskatchewan Indian Federated College Powwow kicks off the start of the powwow season and is one of Canada's major indoor powwows.

- Every June, residents and visitors from across the province enjoy our Mosaic Festival, a city-wide event where the proud heritage of our residents is celebrated at pavilions which represent countries from around the globe.

- Saskatchewan's largest folk music festival, the Regina Folk Festival, is held every August in Victoria Park.

- In September, over 700 paddlers participate in the Regina Dragon Boat Festival, held in beautiful Wascana Park.

- Regina hosts other events as well. Thousands of visitors attend the city's annual events such as the Canadian Western Agribition, Buffalo Days Exhibition and the Western Canadian Farm Progress Show. The Farm Progress Show celebrated its 25th anniversary in 2002.

- Regina is going "Flat Out" for the 2003 Grey Cup and is looking forward to hosting the 2005 Jeux du Canada Games in 2005.

Education is Regina's priority. The University of Regina (U of R) was ranked as sixth in the comprehensive category in Maclean Magazine's 2002 annual university issue. The University is also expanding into new frontiers. A partnership signed in 2002 by the U of R and the City of Regina has resulted in a Sustainable Communities Institute at the campus. As a result of this new Institute, Regina will become a living laboratory, testing new theories and models of sustainability.

In addition to the U of R, thousands of other students are enrolled full-time at the Saskatchewan Institute of Applied Science and Technology Wascana Campus, and the Saskatchewan Indian Federated College (SIFC), along with Luther College and Campion College. SIFC has nearly completed its new $30.6 million campus, which will be officially opened on June 21, 2003.

Civic Pride

About 2,000 people work for the City of Regina year-round. Staff are proud of their work and their city. In a 2002 municipal survey, over 85% of the residents surveyed believed the City is doing a good or excellent job of providing service to its citizens. Nearly 60% of those surveyed felt they received "good or excellent value" for their tax dollars. The survey also noted the following:

- Nearly 85% of residents were very or somewhat satisfied with the City's recreation facilities and programs.
- Just over 93% were very or somewhat satisfied with Regina's parks and green spaces.
- The majority of residents (85%) continue to rate the City's water supply as excellent or good.

In 2002, the Regina Police Service implemented new initiatives to reduce the crime rate in the city. The Regina Police Service and the Provincial departments of Justice, Social Services, and Corrections and Public Safety are working together to implement the Stolen Auto Strategy. As a result, in 2002 the rate of stolen vehicles dropped by 28% from the previous year. Approximately 77% of respondents in the 2002 municipal survey considered Regina a safe community to live in.

Regina's Vision for 2010

Regina is working hard to meet City Council's Vision for 2010. The vision sees Regina as a place that is people-centred; a city that is recognized for its social, environmental, and economic sustainability; and a city that is plainly "a good place to live". Initiatives taken in 2002 to meet the vision include:

- The signing of a Municipal Services and Compatibility Agreement between the City and the Nekaneet First Nation to begin the process to establish Regina's first urban reserve.
- The establishment of a North Central Community Partnership in 2002 as part of the Federal Government's National Homelessness Initiative to build a future for the community and address problems facing it such as inadequate housing and unemployment.
- The official opening of two new fire halls in the north and east areas of Regina.
- The hosting of a youth-led graffiti art project to decorate the North-End Skate Park.

To help preserve the environment, the City's two most popular recycling programs – Big Blue Bin and Paint It Recycled – diverted nearly 5,200 tonnes of paper and over 214,000 litres of paint from the City's landfill. Regina was one of the first Canadian municipalities to support greenhouse gas emission reduction strategies. The City's target is to reduce corporate greenhouse gas emissions by 20% below 1990 levels by 2005 and then further reduce its emissions by 1% each year thereafter until 2012. The City is well on its way to achieving this goal; it has already reduced emissions by 9% and with the completion of its $6 million Building Energy Retrofit Project in 2002, emissions are expected to be reduced by a further 3%.

Regina is proud to have been chosen to host a Municipal Leaders' Forum on Implementing Kyoto in 2003. Municipal leaders from across Canada attended this forum to discuss the Kyoto Accord with peers and develop key documents to be forwarded to the Federation of Canadian Municipalities for consideration at their annual conference.

A Great Place to Do Business

From the city's beginning, agriculture has been a dominant component of Regina's economy. The city became the distribution point of farm machinery for the western Canadian grain belt, and was the natural choice as a site for head offices of banks, trust companies and insurance companies. Saskatchewan Cooperative Wheat Producers Limited, the forerunner of the Saskatchewan Wheat Pool, was formed in the 1920's and gave a boost to Regina's agricultural base.

Regina has diversified beyond agriculture to include manufacturing, primary industries and utilities, transportation, petroleum technology, resource management and information and communications technology. To help foster this diversification, members of Regina's business community launched the city's cluster strategy in 2002. Dubbed "Connecting the Community", the strategy will build on Regina's seven inherent strengths: environmental technology, energy, information technology, film and multi-media, agribusiness, steel manufacturing, finance and insurance.

Regina's strong economic base was reflected in the number of building permits issued in 2002. Of the $140.4 million worth of building permits issued, 406 permits valued at $37.7 million were for the construction of single family homes.

Major projects that were issued permits during 2002 include a new soundstage, which is part of the Canada/Saskatchewan Film, Video, Production and Education Centre; two new grocery stores; and the construction of a new student residence and sports complex at the University of Regina.

The Queen City's competitive business climate is also recognized globally. In its latest *"Competitive Alternatives Study: A Comparison of Business Costs in North America, Europe and Japan"*, KMPG compared 64 cities in eight countries around the world to help firms compare business cost fundamentals and to identify promising locations for their operations. In the study, Regina ranked as having the eighth lowest overall costs among major North American and Canadian cities and fourth in the Canadian and the United States cities in the midwest region.

The City of Regina recognizes the economic challenges facing all Canadian cities in the 21st century. Its credit rating reflects the success the City has made in meeting these challenges. Standard and Poor's rating for Regina is AA+ (stable), saying the City of Regina's rating reflects "an extremely low debt burden (and) a strong liquidity position. The local economy benefits from Regina's status as the seat of the provincial government. The notable institutional employment generated by the provincial government tends to stabilize the city's economic base, in turn, stabilizing Regina's taxable assessment. The city's unemployment rate has been near the lowest in Canada in recent years at less than 6% annually." Regina's pioneering spirit and 'can-do' attitude will ensure it remains an anchor of economic activity in the heart of the Canadian prairies for years to come.

City Council

Regina uses a Council/Manager form of government. It is comprised of a City Council, standing committees, and other committees, boards and commissions. City Council's primary responsibility is to provide policy direction under which the municipality operates. Council also sets the long-range service goals, and approves the municipality's operating and capital budgets.

Regina City Council consists of a Mayor and ten Councillors. Each Councillor represents one city ward for a three-year term. The Mayor presides at all meetings of City Council and is the ceremonial head of the municipal government. The Mayor and City Clerk are the municipality's official signing officers. The City Council members for the 2000 – 2003 term are shown below.

Mayor Pat Fiacco

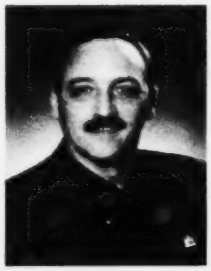
Mike Badham
Ward 1

Bill Hutchinson
Ward 2

Fred Clipsham
Ward 3

Michael Fougere
Ward 4

Bill Gray
Ward 5



Rob Deglau
Ward 6

W. Joe McKeown
Ward 7

Vic McDougall
Ward 8

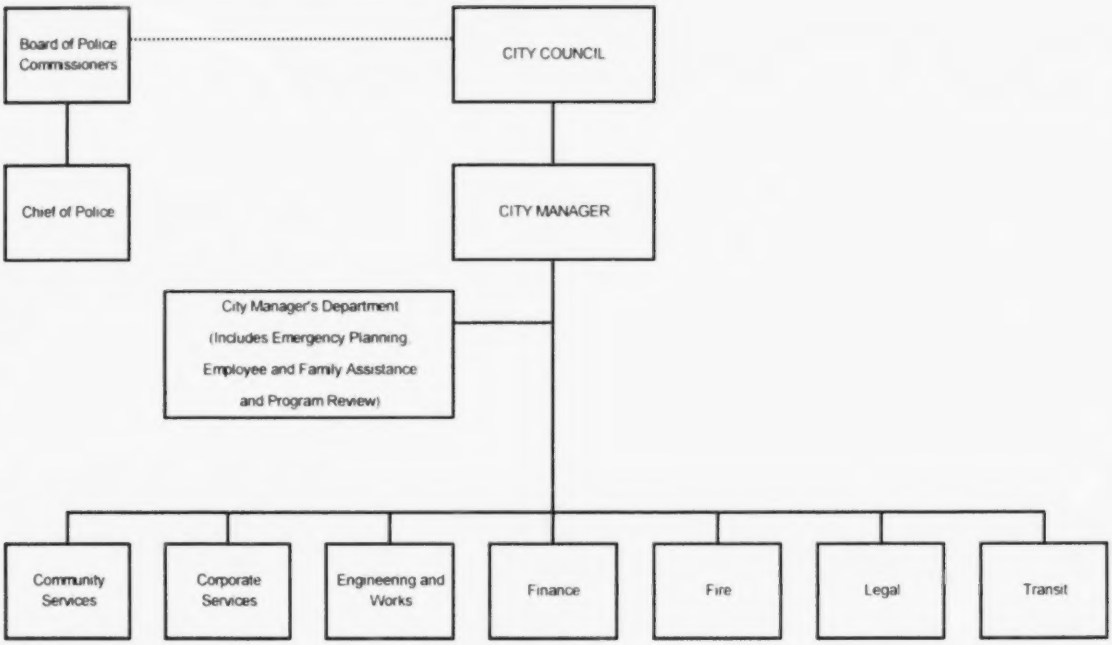
Darlene Hincks
Ward 9

Bill Wells
Ward 10

City Administration

The City Manager is the Chief Administrative Officer of the City and is appointed by City Council. The City Manager's Bylaw 9152 outlines the responsibilities, accountabilities and authority for the position. The City Manager advises Council on all matters related to the City's programs and services and is responsible and accountable for directing and organizing the administration to achieve the goals and objectives of City Council in the most economic, effective and efficient manner.

City of Regina Organizational Structure



City Manager's Department

The City Manager's Department consists of the following divisions:

- Emergency Planning is responsible for planning the response to major emergencies or disasters. This division coordinates the activities of other City departments, government departments, private industry and volunteers who respond to major emergencies.

- Program Review, in cooperation with civic departments, provides comprehensive analytical and functional reviews of specific City Programs. Projects have included the Fire Services Review, Review of Fleet Services, a review of the corporate radio system, a comprehensive review of Transit, a comprehensive review of overtime for the City of Regina and a review of recreation fees and charges.

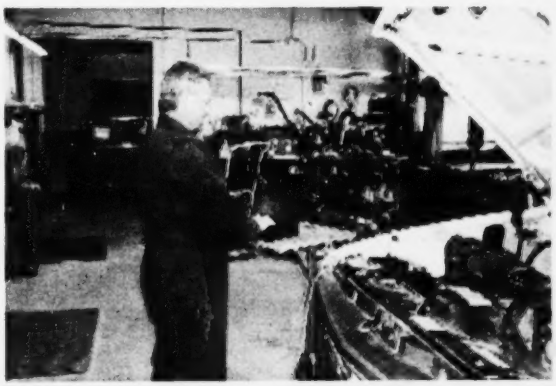
- The Employee and Family Assistance Program is a cooperative effort between the City and its unions and associations. Its purpose is to provide employees, their immediate family and retired employees confidential and professional counselling to assist them to overcome personal problems.

Corporate Services Department

The Corporate Services Department consists of the following divisions:

- The Fleet Services Division is responsible for the acquisition and maintenance of vehicles and equipment. It is also responsible for the development and implementation of an equipment operator training program.

- The Facilities/Energy Management Division is responsible for the building and maintaining of city facilities, the management of a central stores and bulk materials operation, the administration of an energy management program for facilities and equipment, and the management of an air pollution reduction program.



- The City Clerk's Division acts as the Secretary of the City. Officials from the City Clerk's Division attend all Council and Committee meetings and document the decisions made at such meetings and provide advice on procedural questions. The maintenance of bylaws and corporate records management is also included, along with the provision of secretarial support to City Councillors.

  The City Clerk acts as a signing officer for the City, ensures the proper approval before affixing the Corporate Seal, and provides a link between the general public, the City Administration and City Council. The City Clerk also acts as Returning Officer for civic elections.

- Human Resources Division provides staff recruitment services, salary and benefit management, employee training and development, collective bargaining and labour relations, occupational health and safety programs, employee wellness programs, and promotes employment equity within the corporation.

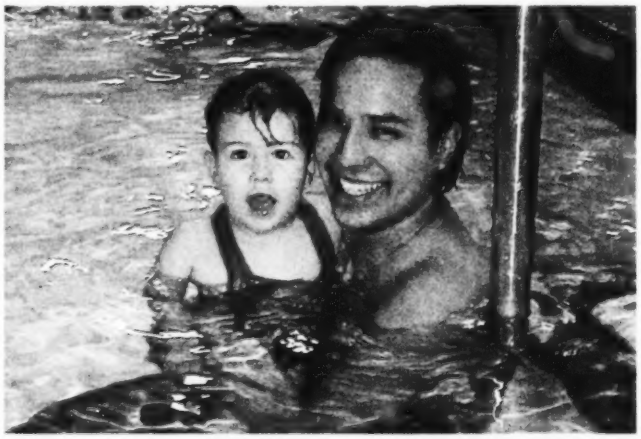
- The Public Affairs Division promotes the City as a community and works to develop an understanding and appreciation among Regina's citizens of the programs and services of the City. Public Affairs accomplishes this through the coordination and direction of media relations, advertising and production services, along with external communications and internal communications for the City.

- The Pension and Benefits Division administers pension plans, long term disability and group dental, medical and life insurance benefits on behalf of the City and the Pension Administration Boards.

- The Real Estate Division acts as the City's in-house realtor, providing buying, leasing, selling and development services for all properties owned by the City and not used by another City department.

Community Services Department

Community Services provide services that enhance the quality of life for the citizens of Regina and includes the following six Divisions.



- The Community and Leisure Services Division has four major responsibilities:
  - To maximize citizen participation and satisfaction in the services offered at City facilities in a cost-effective manner.
  - To work closely with community associations and the non-profit sector to develop partnerships and to facilitate the development and delivery of programs and services (social and recreational) in the community.
  - To undertake market research, community needs and opportunities analysis, and evaluation of programs and services.
  - To coordinate the City's role in the arts, culture and heritage communities in Regina.
- The Parks and Open Space Management Division is responsible for park maintenance and upkeep, irrigation systems, weed control, outdoor floral displays, cemeteries, Regina's urban forest, athletic fields and community extension and awareness programs.

- The Bylaw Enforcement Division is responsible for property standards enforcement and general bylaw enforcement.

- The Building Division is responsible for residential and commercial building inspections, permit processing and the Residential Rehabilitation Assistance Program (RRAP) inspections.

- The Urban Planning Division facilitates the growth and development of the City through the development of strategic, long-range land use policies and housing policies. These policies are implemented through appropriate guidelines, regulations, controls and zoning standards.

- The Project Services and Landscape Design Division is responsible for the planning, policy development and landscape design process to provide direction and support for the effective delivery of parks, recreation and community services.

Finance Department

The Finance Department provides corporate leadership to develop, safeguard and administer the economic, financial and information resources for the benefit of the City. The Divisions in this Department provide a range of financial services including accounting, payroll, budget development and monitoring, debt and investment management, revenue administration, customer billing and collection, and the acquisition of goods, equipment and services.

The Department handles the assessment of all land and improvements within the municipality for the purpose of taxation. They also bill and collect property taxes and grants-in-lieu of taxes.

The Finance Department also issues licenses, manages cash flows and provides investment services for the City, its pension plans and trust funds. It also oversees the integration, security, and sharing of data information within the corporation while providing support for current applications and identifying new technology opportunities and potential applications.

Fire Department

The Fire Department provides for fire suppression, emergency response to dangerous situations such as hazardous material incidents, fire prevention by means of public education and awareness, inspections and enforcement of fire codes and regulation.

The opening of two new fire stations on December 13, 2001, has increased coverage to over 5,200 properties and 16,000 citizens in the City of Regina and contributed to an improved 6/10 response objective achievement of 98.4% during 2002.

The Fire Department actively participates in many community activities, specifically the Keeping Our Community Safe program that has effectively reduced the number of deliberately set fires to half the 2000-2001 experience.

Legal Department

The Legal Department provides legal services to the Corporation, including the defense of all actions against the City, the prosecution of offences and risk management services. The Legal Department also provides some legal services to the Regina Police Services, Buffalo Pound Water Administration Board and the Regina Public Library.

Engineering and Works Department

The Engineering and Works Department consists of the following Divisions:

- Sewer, Water, and Waste Management Division operates, maintains, constructs and repairs the City of Regina's infrastructure assets on a 24-hour basis. The Division also collects and disposes of solid waste and provides opportunities for waste diversion. The infrastructure assets include water supply lines and pumps, water distribution pipes, valves and hydrants, water meters, sewer lines, lift stations, the four-stage Sewage Treatment Plant, surface drainage, routing and control, protection and preservation of the natural environment.

- Roadways and Traffic Division is responsible for the plan, design, construction, and related services used in managing the City's infrastructure. The infrastructure includes streets, roads, alleys, and sidewalks, street lights, traffic signs, traffic signals, safe and efficient movement of people and goods.

- Development and Technical Services and the Administrative Services Divisions support the other two divisions through the provision and coordination of technical and clerical assistance.

Transit Department

The Transit Department provides regular bus route service within the City of Regina, including the provision of information regarding bus routes, and advertising and marketing programs to promote the use of public transportation. This results in an efficient and effective means of public transportation. It also improves accessibility to the core area to promote downtown redevelopment and expansion, and to meet the travel demand generated by higher density growth. Through Regina Paratransit Service, the Department also provides service to nearly 5,000 residents who are unable to use the regular transit service.

Police Department

The City of Regina, pursuant to *The Police Act* of Saskatchewan, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that, in turn, is responsible for the delivery of policing services within the municipality. The annual budget of the Board of Police Commissioners must be approved by the City Council, and the Board may not authorize any expenditure in excess of the total budget, nor approve any expenditure for a matter or a purpose not originally budgeted for, without the prior approval of City Council. The Board of Police Commissioners provides general direction and establishes policies, priorities and the development of long-term plans. The Chief of Police is also responsible for the management, administration and operation of the Police Service. The Chief is also responsible for the maintenance of law and order within the municipality and discipline within the Police Service.

The Regina Police Service has established, as its core functions:

- Emergency Response
- Quality Investigations/Response to Non-Emergency Calls
- Traffic Safety
- Crime Prevention/Community Building

In addition to criminal investigation and law enforcement, the Regina Police Service actively engages in crime prevention to promote safety in the community. In order to provide policing services in accordance with community needs, the Regina Police Service obtains input from the public to help evaluate and modify programs and service delivery. The Police Service works cooperatively with individuals, groups and government departments to solve problems and is aware of, and working with, the diversities of the community.

City of Regina

Financial Section

City of Regina

Consolidated Financial Statements

Management's Report

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of management. The Consolidated Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). The preparation of the statements necessarily includes some amounts, which are based on the best estimates and judgements of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and the financial records are reliable for the preparation of financial statements.

City Council fulfils its responsibility for financial reporting through its Finance and Administration Committee. The Committee consists of elected officials who meet regularly to consider financial issues. The Committee also approves the annual audit plan and reviews and approves the Consolidated Financial Statements prior to their submission to Council.

Deloitte & Touche LLP, Chartered Accountants, as the City's appointed external auditors, have audited the Consolidated Financial Statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Bob Linner
City Manager

Doug Fisher, CA
Director of Finance

Auditors' Report

To: His Worship the Mayor and Members of City Council

We have audited the consolidated statement of financial position of the City of Regina as at December 31, 2002 and the consolidated statements of financial activities, changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Regina as at December 31, 2002, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for local governments recommended by the Canadian Institute of Chartered Accountants.

Deloitte & Touche LLP

Chartered Accountants

Regina, Canada,
May 2, 2003

Consolidated Statement of Financial Position

As at December 31, 2002
(in thousands of dollars)

	2002	2001 (Restated)
FINANCIAL ASSETS		
Cash	**10,770**	17,034
Short-Term Investments - Note 3	**36,550**	34,457
Accounts Receivable	**27,623**	25,541
Taxes Receivable - Note 4	**6,263**	7,238
Long-Term Investments - Note 5	**84,891**	36,482
Financial Assets	**166,097**	120,752
LIABILITIES		
Accounts Payable and Accrued Liabilities	**27,834**	23,790
Taxes Payable to School Boards	**4,305**	8,860
Deferred Revenue	**4,617**	3,660
Lease Obligations - Note 6	**2,546**	2,671
Long-Term Debt - Note 7	**66,700**	32,300
Employee Benefit Obligations - Note 8	**22,053**	20,553
Pension Liability - Note 9	**4,899**	5,066
Landfill Closure and Post-Closure - Note 10	**13,063**	11,949
Liabilities	**146,017**	108,849
Net Financial Assets	**20,080**	11,903
NON-FINANCIAL ASSETS		
Property Held for Resale - Note 11	**2,174**	1,933
Materials and Supplies	**3,279**	3,470
Net Assets - Note 12	**25,533**	17,306

See accompanying notes to consolidated financial statements.

Consolidated Statement of Financial Activities and Changes in Net Assets

For the Year Ended December 31, 2002
(in thousands of dollars)

	Budget 2002	**Actual 2002**	Actual 2001 (Restated)
REVENUE			
Taxation - Note 13	116,632	**114,921**	111,795
Fees and Charges	65,984	**70,777**	69,413
Electrical Distribution	19,900	**19,987**	18,870
Government Transfers - Note 14	15,373	**13,692**	14,583
Gas Distribution	6,500	**7,874**	8,513
Interest and Penalties	4,812	**7,533**	6,444
Licenses, Fines and Levies	6,298	**6,546**	6,595
Other Revenues	400	**2,881**	2,045
Development Charges	1,351	**2,468**	2,089
Land Sales	200	**954**	1,108
	237,450	**247,633**	241,455
EXPENDITURES			
Parks, Recreation and Community Services	44,130	**40,391**	41,482
Police	41,694	**39,056**	31,023
Water, Wastewater and Drainage	43,355	**37,397**	39,378
Legislative and Administrative Services	32,960	**35,443**	28,863
Roads and Traffic	28,311	**29,247**	23,756
Fire	21,598	**21,529**	24,218
Transit	18,990	**19,233**	18,086
Waste Collection and Disposal	7,463	**6,259**	6,906
Planning and Development	3,645	**4,018**	4,010
Grants	3,755	**3,977**	3,939
Other	-	**2,906**	1,701
	245,901	**239,456**	223,362
Excess of Revenues Over Expenditures		**8,177**	18,093
Increase in Non-Financial Assets		**50**	336
Change in Net Assets		**8,227**	18,429
Net Assets, Beginning of Year, as Previously Reported		**12,945**	(12,543)
Prior Period Adjustment - Note 2		**4,361**	11,420
Net Assets, Beginning of Year, as Restated		**17,306**	(1,123)
Net Assets, End of Year		**25,533**	17,306

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31, 2002
(in thousands of dollars)

	2002	2001 (Restated)
OPERATING ACTIVITIES		
Excess of Revenues Over Expenditures	**8,177**	18,093
Net Change in Non-Cash Working Capital Balance		
Increase in Accounts Receivable	**(2,082)**	(4,523)
Decrease (Increase) in Taxes Receivable	**975**	(823)
Increase in Accounts Payable and Accrued Liabilities	**4,044**	402
(Decrease) Increase in Taxes Payable to School Boards	**(4,555)**	6,667
Increase in Deferred Revenue	**957**	900
Decrease in Lease Obligations	**(125)**	(444)
Increase in Employee Benefit Obligations	**1,500**	287
Decrease in Pension Liability	**(167)**	(7,381)
Increase in Landfill Closure and Post-Closure	**1,114**	896
Net Change in Non-Cash Working Capital Balance	**1,661**	(4,019)
Cash Provided by Operating Activities	**9,838**	14,074
INVESTING ACTIVITIES		
(Increase) Decrease in Long-Term Investments	**(48,409)**	3,236
Increase in Short-Term Investments	**(2,093)**	(2,775)
Cash (Used in) Provided by Investing Activities	**(50,502)**	461
FINANCING ACTIVITIES		
Long-Term Debt Issued	**40,000**	-
Long-Term Debt Retired	**(5,600)**	(9,908)
Cash Provided by (Used in) Financing Activities	**34,400**	(9,908)
(Decrease) Increase in Cash Position	**(6,264)**	4,627
Cash Position, Beginning of Year	**17,034**	12,407
Cash Position, End of Year	**10,770**	17,034

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2002
(in thousands of dollars)

1. Significant Accounting Policies

The consolidated financial statements of the City of Regina (the City) are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in net assets and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the City for the administration of their financial affairs and resources and which are owned or controlled by the City, namely:

- General Operating and Capital
- Water and Sewer Utility Operating and Capital
- Regina Public Library
- Regina Regional Economic Development Authority
- Regina Downtown Business Improvement District

Inter-departmental and inter-organizational transactions and balances have been eliminated.

The City has an interest in the Buffalo Pound Water Administration Board, a Government Partnership, that is proportionately consolidated.

The City owns the Regina Pioneer Village, a Government Business Enterprise, that is accounted for using the modified equity method, consistent with the generally accepted accounting treatment for government business enterprises (Note 5). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated.

The City of Regina administers two trust funds: Perpetual Care Trust and the Williamson Driver Award. These trusts, amounting to 2,826 and 4 (2001 – 2,743 and 4), respectively have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities and Changes in Net Assets. Details of these funds are published in the General Trust Financial Statements.

(b) Revenue and Expenditure Recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenue is based on assessments determined in accordance with Saskatchewan legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. A provision has been recorded in Accounts Payable and Accrued Liabilities for potential losses on assessment appeals outstanding as of December 31, 2002.

Penalties on overdue taxes are recorded in the period levied.

Note 1 (continued)

Electrical distribution revenues consist of the municipal surcharge and payments in lieu of taxes received from SaskPower. The municipal surcharge revenue and payments in lieu of taxes are equal to 10% and 5% respectively of the value of the supply of electrical energy provided by SaskPower to customers within the City of Regina limits.

Gas distribution revenues consist of the payments in lieu of taxes received from SaskEnergy and TransGas. The payment in lieu of taxes received from SaskEnergy is equal to 5% of the gross revenue of all gas sales and deliveries by SaskEnergy to customers within the City of Regina limits. The payments in lieu of taxes received from TransGas is equal to 5% of the value of gas transmitted to a direct sale customer within the City of Regina limits.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates can be made.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for local governments as recommended by the CICA requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

(d) Investments

All investments are recorded at cost or amortized cost less amounts written off to reflect a permanent decline in value. Premiums and discounts are amortized over the life of the investment. Investment transactions are accounted for at the settlement date. Investment income is recorded on the accrual basis.

(e) Materials and Supplies

Inventories of materials and supplies are valued at average cost.

(f) Taxes Collected for Others

The City collects taxes for the Regina Separate School Board and the Regina Public School Board. These taxes are remitted to the respective Boards less an amount to offset cancellations relating to school taxes and the City's cost in carrying the receivable.

(g) Deferred Revenue

The City receives development charge contributions, payments in lieu of parking and payments in lieu of dedication of public reserve under the authority of provincial legislation and City bylaws. These funds are restricted in their use and until applied to applicable works are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

Deferred revenue also includes monies received in advance for taxes, transit passes, servicing and sub-division revenue, prepaid cemetery revenue and pre-season ticket sales from the various recreational facilities.

Note 1 (continued)

(h) Pension and Benefit Plans

The City sponsors contributory defined benefit or defined contribution pension plans for virtually all of its employees. Under the defined contribution plan, the City's obligations are limited to their contributions. These contributions are expensed in the period in which they are due and payable.

For defined benefit pension plans considered to be single-employer plans, the cost of pension benefits is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected salary and benefit escalation and retirement ages of employees. Market rates are used to measure the accrued benefit obligation as well as the assets of the pension plans. Actuarial gains and losses on pension obligations and/or pension fund assets are amortized over the average remaining service life of the related employee groups.

For defined benefit plans considered to be multi-employer plans, the contributions are expensed when they are due and payable.

(i) Capital Assets

Expenditures on capital assets are recognized as expenditures in the period the assets are acquired or constructed.

(j) Budget Information

Unaudited budget information is presented on a basis consistent with that used for actual results.

2. Prior Period Adjustments

During the year, the City retroactively changed its previously reported balances as outlined below:

(a) At December 31, 2001 the City's pension liability for the Regina Police Pension Plan under PSAB 3250 was overstated because it included the employees' share of the liability (see note 9).

(b) Property Held for Resale has been reclassified as a non-financial asset. The change has been reflected in restated expenditures.

		Adjustment		
Financial Statement	**Balance as Previously Reported**	**(a)**	**(b)**	**Balance as Restated**
Consolidated Statement of Financial Position				
Pension Liability, December 31, 2001	(9,427)	4,361	-	(5,066)
Net Assets				
Opening, as restated, January 1, 2001	(12,543)	11,420	-	(1,123)
Opening, as restated, January 1, 2002	12,945	4,361	-	17,306
Consolidated Statement of Financial Activity				
Total Expenditures	216,524	7,059	(221)	223,362
Increase in Non-Financial Assets	557	-	(221)	336

3. Short-Term Investments

Short-term investments recorded at a cost of 36,550 (2001 – 34,457) have a market value approximating cost. The investment is in a money market fund, holdings of which may include a combination of treasury bills, commercial paper, bankers' acceptances or promissory notes.

4. Taxes Receivable

Taxes receivable have been reported net of an allowance for doubtful accounts of 1,266 (2001 – 1,071). The allowances have been determined through an annual review of outstanding amounts.

5. Long-Term Investments

Long-term investments include:

	Carrying Value		Market Value	
	2002	2001	**2002**	2001
Government Bonds	**-**	28,267	**-**	29,483
Corporate Bonds	**-**	1,489	**-**	1,516
Pooled Bond Fund	**77,943**	-	**78,484**	-
	77,943	29,756	**78,484**	30,999
Regina Pioneer Village Ltd.	**6,948**	6,726	**-**	-
	84,891	36,482	**78,484**	30,999

A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

Regina Pioneer Village Ltd. is a non-profit association that operates a special care home, housing accommodations and other related services. The following is a schedule of relevant audited financial information for Regina Pioneer Village Ltd.

Regina Pioneer Village Ltd.
Condensed Consolidated Statement of Revenues and Expenses
For the Year Ended March 31, 2002
(in thousands of dollars)

	2002	2001
Revenues		
Regina Health District	**13,823**	13,255
Other Revenue	**6,197**	5,972
Interest	**14**	24
	20,034	19,251
Expenses		
Salaries and Wages	**13,940**	13,538
Other Expenses	**5,872**	5,680
	19,812	19,218
Net Income	**222**	33

Note 5 (continued)

Regina Pioneer Village Ltd.
Condensed Consolidated Balance Sheet
As at March 31, 2002
(in thousands of dollars)

	2002	2001
Current Assets	**3,166**	2,953
Capital Assets	**14,270**	14,418
Other	**792**	679
	18,228	18,050
Current Liabilities	**2,478**	2,366
Long-Term Liabilities	**8,802**	8,958
City of Regina Equity	**6,948**	6,726
	18,228	18,050

The following amounts relating to Regina Pioneer Village Ltd. have been included on the consolidated statements:

	2002	2001
Long-Term Investments	**6,948**	6,726
Fees and Charges	**222**	33

6. Lease Obligations and Commitments

The City is committed to future minimum capital lease payments for computer equipment, software and building contracts expiring from January 31, 2003 to December 31, 2014. The following is a schedule of future minimum lease payments under the capital leases together with the balance of the obligations under capital leases:

2003	808
2004	499
2005	363
2006	211
2007	211
Thereafter	1,552
Total Minimum Lease Payments	3,644
Less Amount Representing Interest at 9.25% and 5.5%	(1,098)
Balance of Obligations	2,546

In addition, the City is committed to future rental payments for operating leases totalling 640, of which 199 is payable in 2003.

7. Long-Term Debt

(a) Debt

The City's authorized debt limit as at December 31, 2002 is 94,000 (2001 – 94,000) of which 66,700 (2001 – 32,300) has been utilized. Total interest incurred on the debt during 2002 was 2,384 (2001 – 2,607). In 2002, 40,000 of long-term debt was issued. All debt is issued in Canadian dollars and is unsecured.

Year Repayable	Coupon Interest Rate %	Total Debt
2003	3.05 - 8.875	9,600
2004	3.40 - 8.875	9,600
2005	3.90 - 9.000	9,600
2006	4.30 - 6.750	8,300
2007	4.55 - 6.750	8,300
2008	4.85 - 5.750	5,300
2009	5.050	4,000
2010	5.300	4,000
2011	5.450	4,000
2012	5.550	4,000
		66,700

(b) Bank Indebtedness

Pursuant to Bylaw 2002-16 *The Temporary Borrowing Bylaw, 2002*, the City can incur bank indebtedness. Interest on this indebtedness is calculated at the prime rate of interest less ½%, payable monthly and may have securities of the City pledged or mortgaged as security for the debt obligation. At December 31, 2002, the City had no bank indebtedness. In 2002, no securities of the City were pledged as security for the debt obligation as provided by this bylaw.

8. Employee Benefit Obligations

Under certain union agreements and benefits provided to out-of-scope staff, unused sick leave can accumulate and employees may be entitled to a cash payment when they leave the employment of the City.

Certain employees of the Police and Transit Departments are not eligible for vested sick leave benefits but may receive severance or retirement allowances.

Employee Benefit Obligations include:

	2002	2001
Undiscounted Vested Sick Leave	**9,169**	8,758
Undiscounted Liability for Vacation Pay	**9,370**	8,734
Banked Time in Lieu of Overtime	**1,641**	1,505
Undiscounted Severance or Retirement Allowances	**1,873**	1,556
Total Employee Benefit Obligations	**22,053**	20,553

At December 31, 2002, 180 (2001 – nil) of the employee benefit obligations have been funded from current operations. The remainder, 21,873 (2001 – 20,553) is considered an unfunded liability to be paid from future revenues. (See note 12.)

9. Pension and Benefit Plans

The City of Regina sponsors or co-sponsors jointly with other employers, contributory defined benefit or defined contribution pension plans for substantially all of its employees. Currently, there are four pension plans – Civic Pension Plan, Regina Police Pension Plan, Casual and Elected Official Pension Plan and Chief of Police Pension Plan. There is also a Civic Long Term Disability Plan.

(a) Regina Civic Employees' Superannuation and Benefit Plan

The Regina Civic Employees' Superannuation and Benefit Plan is a multi-employer defined benefit plan which includes employees of the City of Regina, the Regina Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), the Regina Public Library Board, the Buffalo Pound Water Administration Board and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan.

Members' contributions are a percentage of salary ranging from 6.3-7.9%. The employers match the employees' contribution to the Plan. Employees' contributions for 2002 were 5,411 (2001 – 5,051). The City's contributions for 2002 were 5,250 (2001 – 4,892).

The most recent actuarial valuation for the Regina Civic Employees' Superannuation and Benefit Plan that has been completed was at December 31, 2002. Based on the projected benefit method, the actuarial deficit was 84,432 (2001 surplus – 5,085). These costs will be shared between the employees and the employers.

The Regina Civic Employees' Superannuation and Benefit Plan is a multi-employer defined benefit plan. Information is not available to determine the portion of the unfunded liability attributable to each employer. As a result, the Plan has been accounted for using the method appropriate for defined contribution plans. The amount of pension expense recorded in the financial statements is equal to the contributions required for the year.

(b) Regina Civic Employees' Long-Term Disability Plan

The Regina Civic Employees' Long-Term Disability Plan is a multi-employer defined benefit plan which includes employees of the Regina Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), the Regina Public Library Board, the Buffalo Pound Water Administration Board and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan.

Members' contribution are 0.83% of salary. The employers match the employees' contribution to the Plan. Employees' contributions for 2002 were 643 (2001 – 598). The City's contributions for 2002 were 643 (2001 – 598).

The most recent actuarial valuation for the Regina Civic Employees' Long-Term Disability Plan that has been completed was at December 31, 2001. Based on the projected benefit method, the unfunded liability extrapolated to December 31, 2002 was 5,481 (2001 – 2,976).

The Civic Long-Term Disability Plan is a multi-employer defined benefit plan. Information is not available to determine the portion of the unfunded liability attributable to each employer. As a result, the Plan has been accounted for using the method appropriate for defined contribution plans. The amount of benefit expense recorded in the financial statements is equal to the contributions required for the year.

Note 9 (continued)

(c) Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is a defined contribution plan. Members' contributions are 3% (Casual Employees') and 6.95% (Elected Officials') of salary. The City matches the contributions to the Plan. Members' contributions for 2002 were 151 (2001 – 165). The City's contributions for 2002 were 151 (2001 – 164). Since this is a defined contribution plan, the City of Regina's pension expense is limited to their contributions to the plan.

(d) Regina Police Pension Plan

The Regina Police Pension Plan is a defined benefit pension plan. Member's contributions range from 9.33 – 10.83% of salary. The City's contribution to the plan range from 9.83 – 11.33%. Pension fund assets are invested in marketable investments of organizations external to the City.

Actuarial valuations are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2000. The accrued benefit obligation shown for 2002 is based on an extrapolation of that valuation. There is a net unamortized actuarial loss of 18,490 (2001 – 582) to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups of 12.2 years.

The actuarial valuation was based on a number of assumptions about future events such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the City's best estimates. The expected inflation rate is 2.5% and the rate of compensation increase is 3.5%. The discount rate used to determine the accrued benefit obligation is 7.0%.

Pension fund assets are valued at market values. The expected long-term rate of return on plan assets is 7.0%. The actual loss on plan assets was 3.7% in 2002 (return of 2.2% in 2001).

In 2001, the pension liability was reduced as a result of a settlement arising from a lawsuit against a former actuary.

The City's portion of the pension liability and the pension/interest expense for the Regina Police Pension Plan are disclosed below.

Pension Liability for Regina Police Pension Plan
Year Ended December 31, 2002
(in thousands of dollars)

	2002	2001
Accrued Benefit Obligations	178,423	171,117
Pension Fund Assets:		
Marketable Securities	(150,976)	(161,321)
	27,447	9,796
Unamortized Actuarial Losses	(18,490)	(582)
	8,957	9,214
Employees' Share of Liability	(4,259)	(4,361)
Pension Liability	4,698	4,853

The entire pension liability of 4,698 (2001 – 4,853) will be funded from future revenues. (See note 12.)

Note 9 (continued)

Pension-Related Expense for Regina Police Pension Plan
Year Ended December 31, 2002
(in thousands of dollars)

	2002	2001
Pension Expense:		
Current Period Benefit Cost	4,680	4,529
Amortization of Actuarial Gains	(13)	(743)
Member Contributions	(2,781)	(2,868)
Pension Expense	1,886	918
Interest Expense:		
Interest on the Average Pension Liability Outstanding during the Year	812	677
Total Pension-Related Expense	2,698	1,595

(e) Chief of Police Pension Plan

The Chief of Police Pension Plan is a defined benefit pension plan. The Chief of Police's contribution is 9% of salary. The City matches the Member's contribution to the plan subject to the maximum funding limits established in *The Income Tax Act* under Regulation 8515. Pension fund assets are invested in marketable investments of organizations external to the City.

Actuarial valuations are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2001. There is a net unamortized actuarial loss of 147 (2001 – 66) to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (2002 – three years; 2001 – four years).

The actuarial valuation was based on a number of assumptions about future events such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the City's best estimates. The expected inflation rate is 3.5% and the rate of compensation increase is 5.0%. The discount rate used to determine the accrued benefit obligation is 6.75%.

Pension fund assets are valued at market values. The expected long-term rate of return on plan assets is 6.75%. The actual loss on plan assets was 4.2% in 2002 (loss of 4.5% – 2001).

The pension liability and the pension/interest expense for the Chief of Police Pension Plan are disclosed on the next page.

Note 9 (continued)

Pension Liability for Chief of Police Pension Plan
As at December 31, 2002
(in thousands of dollars)

	2002	2001
Accrued Benefit Obligations	710	579
Pension Fund Assets:		
Marketable Securities	(308)	(246)
	402	333
Unamortized Actuarial Losses	(147)	(66)
	255	267
Undiscounted Value of Member's Future Contribution to Unfunded Liability	(54)	(54)
Pension Liability	201	213

As at December 31, 2002, 160 of the Pension Liability has been funded through operations and 41 remains to be funded from future revenues. (See note 12.)

Pension-Related Expense for Chief of Police Pension Plan
Year Ended December 31, 2002
(in thousands of dollars)

	2002	2001
Pension Expense:		
Current Period Benefit Cost	27	24
Amortization of Actuarial Losses	17	2
Member Contributions	(10)	(10)
Pension Expense	34	16
Interest Expense:		
Interest on the Average Pension Liability Outstanding during the Year	22	18
Total Pension-Related Expense	56	34

10. Landfill Closure and Post-Closure

Environmental law requires closure and post-closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports. Closure and post-closure costs for the City's existing landfill site are estimated to total 26,125 (2001 – 32,000). The estimated total liability of 16,247 (2001 – 15,822) for these expenditures represent the sum of the discounted future cash flows for closure and post-closure activities for 22 years after closure. The discount rate of 5% was used.

The calculation of the reported liability of 13,063 (2001 – 11,949) is based on the cumulative capacity used at December 31, compared to the total estimated landfill capacity at the same date. Currently, 1,215 has been funded and 11,848 remains as an unfunded liability to be funded from future revenues. The estimated remaining capacity of the site is 2,058,000 tonnes, which is 20% of the site's total capacity. The existing landfill site is expected to reach capacity in the years 2009 – 2011.

The City has provided a reserve to fund future landfill capital expenditures. The reserve is funded through landfill fees. At December 31, 2002 the balance of this reserve was 7,588 (2001 – 7,081). In addition, 1,215 (2001 – 1,366) has been appropriated to capital projects related to landfill closure.

The liability recognized in the financial statement is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgement. Amounts could change by more than a material amount in the long-term.

11. Property Held for Resale

Property acquired through the tax enforcement process and temporarily held is recorded at the lesser of cost and the net recoverable amount. Cost is equal to the outstanding taxes including any applicable penalties, as well as the costs incurred in acquiring the land. Property held for resale has been reported net of an allowance of 945 (2001 – 977) to reflect a reduction in the potential market value that may be realized upon sale. The allowances have been determined through review of each property held for resale.

Land acquired other than that acquired through the tax enforcement process is recorded at nominal value. At year end the approximate market value of land was 10,934 (2001 – 11,397).

12. Net Assets

Net Assets represent the equity of the City of Regina.

In determining Net Assets, revenues and expenditures are recognized as they are earned and incurred, according to generally accepted accounting principles established by PSAB of the CICA.

Council, through its annual budget process and other policies and bylaws, may fund certain amounts on a basis that differs from the expenditure recognition basis prescribed by PSAB. Obligations to be paid from Future Revenue represent amounts that have been charged to expenditures according to generally accepted accounting principles, but will be funded from future revenues. Appropriations for Capital Projects and Reserves represent amounts that have been internally restricted for specific purposes. Unappropriated Net Assets represent equity that has not been designated for a specific use. Infrastructure to be Funded from Future Development Charges represent infrastructure that has been constructed by the City, the costs of which are expected to be funded from future development charges.

Note 12 (continued)

	2002	2001 (Restated)
Unappropriated Net Assets		
City of Regina	**5,599**	5,886
Regina Public Library	**331**	1,051
Regina Pioneer Village	**6,948**	6,726
Regina Downtown	**(29)**	8
Buffalo Pound Water Administration Board	**(4,187)**	(4,326)
Regina Regional Economic Development Authority	**(1)**	90
	8,661	9,435
Appropriations for Capital Projects		
General Capital	**22,615**	22,326
Utility Capital	**48,061**	10,099
Reserves	**62,310**	56,362
Obligations to be Paid from Future Revenues	**(107,706)**	(71,173)
Infrastructure to be Funded from Future Development Charges		
Roadways Development Charges	**(3,224)**	(4,399)
Water, Wastewater and Drainage Development Charges	**(5,184)**	(5,344)
Net Assets	**25,533**	17,306

Reserves include the following:

	2002	2001 (Restated)
General Fund Reserve	**19,345**	16,524
Cultural Heritage Special Capital Project Reserve	**1,039**	1,014
Landfill Reserve	**7,588**	7,081
Golf Course Reserve	**(14)**	930
Winter Road Maintenance Reserve	**3,435**	2,809
Police Services Reserve	**205**	87
Regina Grants Reserve	**276**	275
Alley Maintenance Reserve	**336**	192
Cemetery Reserve	**279**	435
Employer Provided Parking Reserve	**353**	278
Social Development Reserve	**1,292**	640
Gravel Supply Reserve	**518**	518
Police Services Radio Equipment Reserve	**283**	250
Technology Reserve	**334**	57
Asphalt Plant Reserve	**643**	876
Equipment Replacement Reserve	**9,477**	8,327
Equipment Replacement Reserve - Transit	**156**	134
General Utility Reserve	**5,693**	5,425
Financial Commitments	**548**	592
Buffalo Pound Water Administration Fund	**682**	597
Group Benefit Reserves	**6,316**	5,751
Regina Public Library	**3,526**	3,570
Total	**62,310**	56,362

Note 12 (continued)

Obligations to be Paid from Future Revenues include:

	2002	2001 (Restated)
Lease Obligations - Note 6	**(2,546)**	(2,671)
Long-Term Debt - Note 7	**(66,700)**	(32,300)
Unfunded Employee Benefit Obligations - Note 8	**(21,873)**	(20,553)
Unfunded Pension Liability - Note 9	**(4,739)**	(5,066)
Unfunded Landfill Liability - Note 10	**(11,848)**	(10,583)
	(107,706)	(71,173)

13. Taxation Revenue

	2002	2001
Total Taxation Revenue Levied	**225,907**	222,600
Taxes Collected on Behalf of Others:		
Regina School Division No. 4	**(76,010)**	(76,548)
Regina Roman Catholic Separate School Division No. 81	**(34,976)**	(34,257)
Taxation Revenue for City of Regina Consolidated Entity	**114,921**	111,795
Comprised of:		
Municipal	**92,917**	90,499
Grants in Lieu	**7,863**	7,990
Supplementary Taxes	**1,657**	553
Other	**1,590**	2,025
Total Municipal Taxes	**104,027**	101,067
Regina Public Library	**9,806**	9,671
Grants in Lieu	**807**	854
Total Library Taxes	**10,613**	10,525
Regina Downtown	**281**	203
	114,921	111,795

14. Government Transfers

The following government transfers have been included in revenues:

	2002	2001
Operating Transfers		
Federal	**456**	427
Provincial	**10,248**	8,748
	10,704	9,175
Capital Transfers		
Federal	**1,377**	1,692
Provincial	**1,611**	3,716
	2,988	5,408
	13,692	14,583

Government transfers do not include grants received in lieu of taxes from the federal and provincial government. These amounts are included in Taxation Revenue.

15. Related Party Transactions

The following related party transactions are included in the consolidated financial statements:

	2002	2001
Accounts Receivable include the following due from:		
The Elected Officials' Pension Plan	-	1
The Regina Police Pension Plan	**167**	920
The Regina Civic Employees' Superannuation and Benefit Plan	**900**	494
The Regina Civic Employees' Long Term Disability Plan	**55**	111
The Chief of Police Pension Plan	**3**	-
The Buffalo Pound Water Administration Board	-	186
Accounts Payable and Accrued Liabilities include the following due to:		
The Regina Police Pension Plan	-	8
The Regina Civic Employees' Superannuation and Benefit Plan	**44**	31
The Chief of Police Pension Plan	-	1
The Buffalo Pound Water Administration Board	**122**	-
Included in Revenues are the following amounts:		
The Elected Officials' Pension Plan	-	9
The Regina Police Pension Plan	**202**	1,083
The Regina Civic Employees' Superannuation and Benefit Plan	**709**	709
Included in Expenses is the following amount:		
The Casual Employees' Superannuation Plan	**15**	15

Note 16 (continued)

16. Government Partnership

The Buffalo Pound Water Administration Board operates under an agreement between the Cities of Moose Jaw and Regina for the purpose of operating the Water Treatment Plant at Buffalo Pound Lake to supply water to the two cities at cost. Any distribution of surplus (recovery of deficit), in a particular fiscal year is shared between the cities according to their respective usage.

All amounts are proportionately consolidated within the consolidated financial statements at 73.18% (2001 – 73.33%), the City's interest in the government business partnership.

All transactions between the entities are eliminated upon proportionate consolidation. Capital assets have been removed to be consistent with the City of Regina's accounting policies.

The following is a schedule of a relevant financial information as stated within the financial statement of the Buffalo Pound Water Administration Board. These amounts represent 100% of the Board's financial position and activities.

Buffalo Pound Water Administration Board
Condensed Statement of Financial Position
As at December 31, 2002
(in thousands of dollars)

	2002	2001 (Restated)
Financial Assets	**2,402**	2,470
Other Assets	**70,983**	70,616
	73,385	73,086
Liabilities	**1,715**	1,907
Equity	**71,670**	71,179
	73,385	73,086

Buffalo Pound Water Administration Board
Condensed Statement of Financial Activities
For the Year Ended December 31, 2002
(in thousands of dollars)

	2002	2001 (Restated)
Revenue	**6,290**	7,939
Expenditures	**5,772**	7,116
Excess of Revenue over Expenditures	**518**	823
Distribution to Partners	**(518)**	(823)
Balance for the Year	**-**	-

Note 16 (continued)

The transactions between the City and the government business partnership as stated within the financial statements of the Buffalo Pound Water Administration Board are as follows:

	2002	2001 (Restated)
Financial Assets	**1,757**	1,811
Liabilities	**1,255**	1,399
Non-Financial Assets	**37**	47
Revenue	**4,603**	4,967
Expenditures	**4,511**	4,718

17. Operating Expenditures by Object

	2002	2001 (Restated)
Wages and Benefits	**121,580**	108,587
Materials, Supplies and Other Goods	**43,421**	41,001
Capital Expenditures	**43,261**	40,337
Utilities	**9,188**	10,786
Transfer Payments	**6,358**	6,914
Other Purchased Services	**4,489**	5,659
Professional and Special Services	**6,437**	5,439
Transportation and Communication	**4,722**	4,639
Total	**239,456**	223,362

18. Comparative Figures

Certain of the 2001 figures have been reclassified to conform to the 2002 financial statement presentation.

Schedule 1

Schedule of Financial Activities by Organization

For the Year Ended December 31, 2002

(in thousands of dollars)

	General Operating	Utility Operating	General Capital	Utility Capital	Total City of Regina
REVENUE					
Taxation	104,027	-	-	-	**104,027**
Fees and Charges	22,644	46,246	-	-	**68,890**
Electrical Distribution	19,987	-	-	-	**19,987**
Government Transfers	9,872	28	1,968	1,020	**12,888**
Gas Distribution	7,874	-	-	-	**7,874**
Interest and Penalties	7,210	323	-	-	**7,533**
Licenses, Fines and Levies	6,546	-	-	-	**6,546**
Other	264	-	1,778	839	**2,881**
Development Charges	-	-	1,716	752	**2,468**
Land Sales	-	-	954	-	**954**
	178,424	46,597	6,416	2,611	**234,048**
EXPENDITURES					
Parks, Recreation and Community Services	23,867	-	3,758	-	**27,625**
Police	38,646	-	410	-	**39,056**
Water, Wastewater and Drainage	-	21,703	-	11,183	**32,886**
Legislative and Administrative Services	26,700	-	8,743	-	**35,443**
Roads and Traffic	16,751	-	12,496	-	**29,247**
Fire	21,118	-	411	-	**21,529**
Transit	16,919	-	2,314	-	**19,233**
Waste Collection and Disposal	4,551	-	1,708	-	**6,259**
Planning and Development	4,018	-	-	-	**4,018**
Grants	3,977	-	-	-	**3,977**
Other	2,988	-	-	-	**2,988**
	159,535	21,703	29,840	11,183	**222,261**
Excess of Revenues Over Expenditures	18,889	24,894	(23,424)	(8,572)	**11,787**
Increase (Decrease) in Non-Financial Assets	99	-	-	-	**99**
Change in Net Assets	18,988	24,894	(23,424)	(8,572)	**11,886**

Regina Pioneer Village	Regina Downtown	RREDA	Buffalo Pound	Regina Public Library	Consolidation Adjustments	Consolidated 2002
-	281	-	-	10,613	-	**114,921**
222	67	1,189	4,603	471	(4,665)	**70,777**
-	-	-	-	-	-	**19,987**
-	-	60	-	744	-	**13,692**
-	-	-	-	-	-	**7,874**
-	-	-	-	-	-	**7,533**
-	-	-	-	-	-	**6,546**
-	-	-	-	-	-	**2,881**
-	-	-	-	-	-	**2,468**
-	-	-	-	-	-	**954**
222	348	1,249	4,603	11,828	(4,665)	**247,633**
-	385	1,257	-	11,534	(410)	**40,391**
-	-	-	-	-	-	**39,056**
-	-	-	4,511	-	-	**37,397**
-	-	-	-	-	-	**35,443**
-	-	-	-	-	-	**29,247**
-	-	-	-	-	-	**21,529**
-	-	-	-	-	-	**19,233**
-	-	-	-	-	-	**6,259**
-	-	-	-	-	-	**4,018**
-	-	-	-	-	-	**3,977**
-	-	-	-	(82)	-	**2,906**
-	385	1,257	4,511	11,452	(410)	**239,456**
222	(37)	(8)	92	376	(4,255)	**8,177**
-	-	-	(4)	(45)	-	**50**
222	(37)	(8)	88	331	(4,255)	**8,227**

Schedule of Changes in Components of Net Assets

For the Year Ended December 31, 2002
(in thousands of dollars)

	Unrestricted Net Assets	Appropriation For Capital Projects	Reserves	Obligations to be Paid from Future Revenues	Infrastructure to be Funded from Future Development Charges	Total
Opening Balance	9,435	32,425	56,362	(71,173)	(9,743)	**17,306**
Change in Net Assets	40,223	(31,996)	-	-	-	**8,227**
Issue of Long-Term Debt	40,000	-	-	(40,000)	-	-
Repayment of Long-Term Debt	(5,600)	-	-	5,600	-	-
Appropriation for Capital Projects	(57,445)	57,445	-	-	-	-
Transfer to Reserves	(20,085)	-	20,085	-	-	-
Decrease in Lease Obligations	(125)	-	-	125	-	-
Increase in Employee Benefit Obligations	1,320	-	-	(1,320)	-	-
Decrease in Unfunded Pension Liability	(327)	-	-	327	-	-
Increase in Unfunded Landfill Liability	1,265	-	-	(1,265)	-	-
Transfer from Reserves for Capital Projects	-	14,137	(14,137)	-	-	-
Transfer to Infrastructure to be Funded from Future Development Charges	-	(1,335)	-	-	1,335	-
Change	(774)	38,251	5,948	(36,533)	1,335	**8,227**
Closing Balance	8,661	70,676	62,310	(107,706)	(8,408)	**25,533**

City of Regina

General Trust Fund

Auditors' Report

To His Worship the Mayor and Members of City Council

We have audited the statement of financial position of the General Trust Fund as at December 31, 2002 and the statement of revenue, expenditures and change in fund balance for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Trust Fund as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Canada,
April 3, 2003

Statement of Financial Position

As at December 31, 2002
(in thousands of dollars)

	Perpetual Care Trust	Williamson Driver Award	Total 2002	Total 2001
Assets				
Current Assets				
Cash	12	-	12	9
Accrued Interest	-	-	-	45
	12	-	12	54
Long-Term Investments - Note 4	2,814	4	2,818	2,693
	2,826	4	2,830	2,747
Liabilities and Fund Balance				
Due to Other Funds	284	-	284	208
Fund Balance	2,542	4	2,546	2,539
	2,826	4	2,830	2,747

See accompanying notes.

Statement of Revenue, Expenditures and Change in Fund Balance

For the Year Ended December 31, 2002
(in thousands of dollars)

	Perpetual Care Trust	Williamson Driver Award	Total 2002	Total 2001
Revenue				
Contributions	6	-	6	6
Investment Income	285	-	285	195
	291	-	291	201
Expenditures				
Cemetery Maintenance	284	-	284	195
	284	-	284	195
Excess of Revenue over Expenditures	7	-	7	6
Fund Balance, Beginning of Year	2,535	4	2,539	2,533
Fund Balance, End of Year	2,542	4	2,546	2,539

See accompanying notes.

Notes to Financial Statements

For the Year Ended December 31, 2002
(in thousands of dollars)

1. Purpose of Fund

The General Trust Fund holds two trusts as established by the City of Regina:

(a) Perpetual Care Trust – Established by the City of Regina under Section 19 of *The Cemeteries Act*. Funds received through the sale of cemetery plots are held in the trust and invested. Income earned on the investments is used to cover operating expenses incurred in the General Operating Fund of the City of Regina for perpetual care.

(b) Williamson Driver Award – Established under *The Trust Act*. A bond was bequeathed to the City and each year an award is made from the income to a Transit employee with a safe driving record.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered to be significant:

(a) The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and use assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

(b) Investments are recorded at cost and are accounted for at settlement date.

(c) Investment revenue is recorded on the accrual basis.

3. Financial Instruments

The carrying value of accrued interest and the due to other funds approximates the fair market value due to the short-term maturities of these instruments.

Interest rate risk refers to the adverse consequences of interest rate changes on the General Trust's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the General Trust's assets and liabilities.

4. Long-Term Investments

In 2002, the investments previously held in bonds were sold and units of pooled bond funds were purchased. A pooled bond fund is a group of individual bonds managed by an investment manager.

Investments are recorded at cost of 2,818 (2001 – 2,693) and have a market value of 2,882 (2001 – 2,830). The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

5. Statement of Cash Flows

A statement of cash flows has not been prepared for the year ending December 31, 2002, as it would not provide any additional information.

City of Regina

Statistical Section

Assessment and Taxation Information

Mill Rates

	Municipal	Schools	Library	Total
1997	17.603	19.813	1.880	39.296
1998	17.603	19.813	1.880	39.296
1999	17.937	20.189	1.916	40.042
2000	18.176	20.391	1.935	40.502
2001	17.655	19.529	1.880	39.064
2002	18.419	19.725	1.908	40.052

Taxable Assessment (in thousands of dollars)

	Property	Business	Total
1997	4,716,224	496,394	5,212,618
1998	4,703,059	385,455	5,088,514
1999	4,804,994	195,249	5,000,243
2000	4,776,282	-	4,776,282
2001	5,227,401	-	5,227,401
2002	5,274,500	-	5,274,500

Note: In 2000, the business tax was eliminated. The tax was reduced in 1998 and 1999 prior to the elimination in 2000.

Property Taxes

Property taxes are calculated by applying a mill rate and mill rate factor to each property assessment. The mill rate and mill rate factor together are known as the tax rate.

Taxable Assessment	x	Mill Rate	x	Mill Rate Factor	=	Property Tax

Mill rate factors are established for each property class or subclass. Within the residential property class, the mill rate factors are 0.8789 for residential single family and condominium, 1.2693 for multi-unit residential and 1.1900 for all other properties.

Assessment and Taxation Information

Tax Levies and Collection (in thousands of dollars)

	1998	1999	2000 (Restated)	2001 (Restated)	2002
Municipal Tax Levy	87,991	88,313	95,030	101,270	104,308
School Boards Tax Levy	101,725	108,336	104,083	110,805	110,986
Library Tax Levy	9,653	10,283	9,515	10,525	10,613
Total Tax Levy	199,369	206,932	208,628	222,600	225,907
Tax Levy Per Capita	1,065	1,100	1,102	1,163	1,205
Tax Arrears at End of Year	10,890	10,599	7,847	8,247	7,498
Arrears as a % of Total Tax Levy	5.46%	5.12%	3.76%	3.70%	3.32%

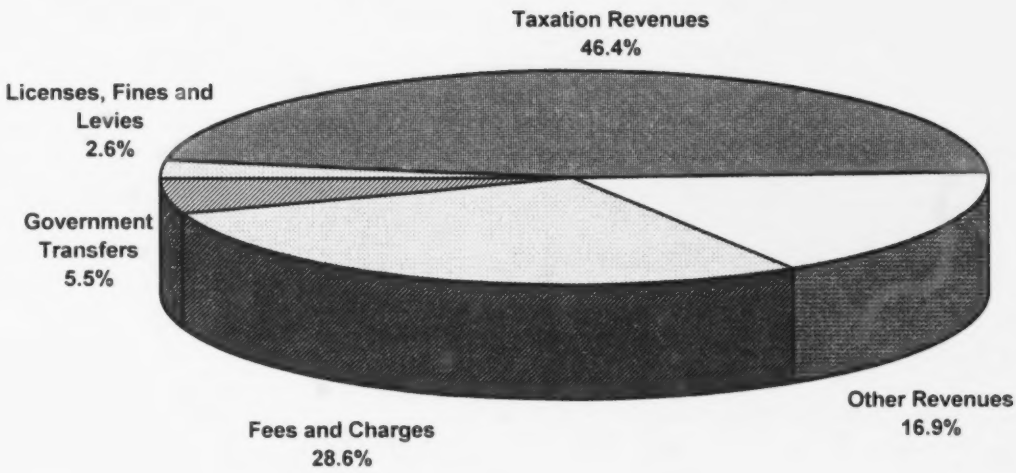
Major Property Taxpayers in Regina in 2002

	Registered Owner	Total Taxable Assessment (in thousands of dollars)
1.	Cadillac Fairview Corporation Limited	86,272
2.	HDL Investments Inc.	65,009
3.	Boardwalk Equities Inc.	53,854
4.	Consumer's Co-operative Refineries Limited	53,825
5.	SM Realty Holdings Inc.	50,365
6.	Continental Saxon Holdings Limited	37,226
7.	Saskatchewan Housing Corporation	35,531
8.	Pyxis Real Estate Equities Inc.	34,107
9.	Westfair Properties Ltd.	29,439
10.	Golden Mile G.P. Ltd.	25,786
11.	Regina Airport Authority	24,517
12.	General Properties Ltd.	13,618
13.	Ardvark Investments Inc.	13,478
14.	Remai Investment Corporation	13,403
15.	The Trust Company of Bank of Montreal	13,106

The list of major taxpayers does not include properties where grants or payments in lieu of property tax are paid.

Financial Information

2002 Revenue Distribution



Revenue Summary (in thousands of dollars)

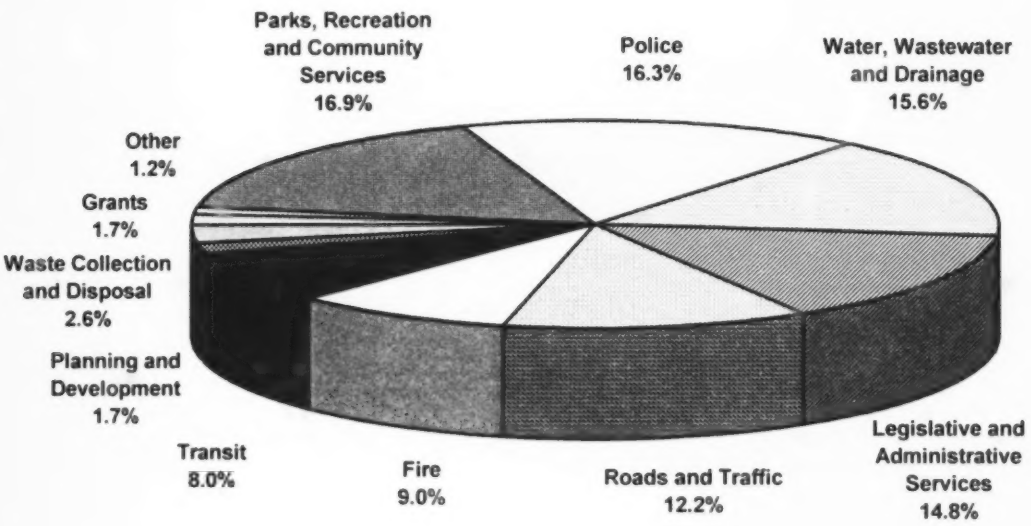
	1998	1999	2000	2001	2002
Taxation Revenues	106,870	108,696	104,545	111,795	114,921
Other Revenues[1]	25,480	30,904	41,644	39,069	41,697
Fees and Charges	75,666	75,190	64,688	69,413	70,777
Government Transfers	6,340	7,265	9,948	14,583	13,692
Licenses, Fines and Levies	6,000	5,531	6,236	6,595	6,546
Total	220,356	227,586	227,061	241,455	247,633

Note:

1. *Other Revenues include Electrical Distribution, Gas Distribution, Interest and Penalties, Land Sales and Development Charges.*

Financial Information

2002 Expenditure Distribution



Expenditure Summary (in thousands of dollars)

	1998	1999	2000	2001	2002
Parks, Recreation and Community Services	37,799	38,498	43,340	41,482	40,391
Police	32,337	34,068	35,623	31,023	39,056
Water, Wastewater and Drainage	51,498	44,294	38,444	39,378	37,397
Legislative and Administrative Services	25,680	21,751	28,147	28,863	35,443
Roads and Traffic	27,155	28,965	26,807	23,756	29,247
Fire	18,284	19,403	19,213	24,218	21,529
Transit	14,183	15,388	15,919	18,086	19,233
Waste Collection and Disposal	4,468	4,740	5,124	6,906	6,259
Planning and Development	3,108	3,561	3,758	4,010	4,018
Grants	3,510	3,670	2,634	3,939	3,977
Other	1,071	2,475	2,820	1,701	2,906
Total	219,093	216,813	221,829	223,362	239,456

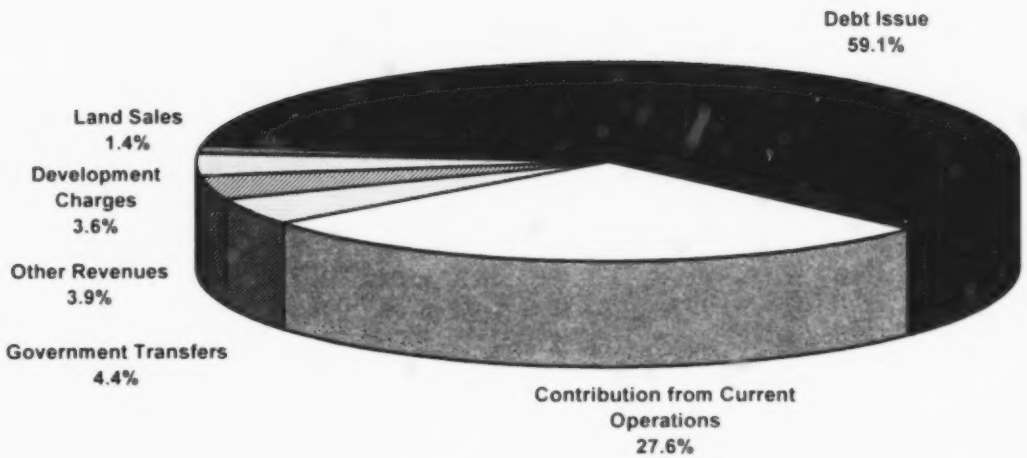
Financial Information

Operating Expenditures by Object (in thousands of dollars)

	1998	1999	2000	2001 (Restated)	2002
Wages and Benefits	101,561	105,989	109,273	108,587	121,580
Materials, Supplies and Other Goods	37,689	39,997	42,985	41,001	43,421
Capital Expenditures	40,194	31,925	37,799	40,337	43,261
Utilities	10,573	10,859	10,765	10,786	9,188
Transfer Payments	5,987	5,619	5,846	6,914	6,358
Finance Charges	14,133	13,217	7,340	5,659	4,489
Professional and Special Services	4,382	4,698	4,906	5,439	6,437
Transportation and Communication	4,574	4,509	2,915	4,639	4,722
Total	219,093	216,813	221,829	223,362	239,456

Financial Information

2002 Capital Funding Distribution



Capital Funding Summary (in thousands of dollars)

	1998	1999	2000	2001	2002
Debt Issue	13,000	-	-	-	40,000
Contribution from Current Operations	13,710	12,437	13,834	16,431	18,660
Government Transfers	3,917	130	1,750	5,408	2,988
Other Revenues	2,307	8,037	3,407	767	2,617
Development Charges	1,205	2,100	2,703	2,089	2,468
Land Sales	586	337	3,035	1,108	954
Total	34,725	23,041	24,729	25,803	67,687

Capital Expenditure Summary (in thousands of dollars)

	1998	1999	2000	2001	2002
General Municipal	20,066	21,422	23,741	26,736	29,840
Water and Sewer Utility	18,315	10,151	13,908	12,005	11,183
Total	38,381	31,573	37,649	38,741	41,023

Debt Information

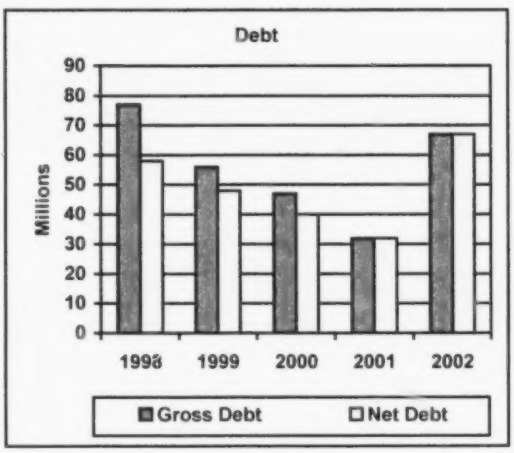
Debt at December 31, 2002 (in thousands of dollars)

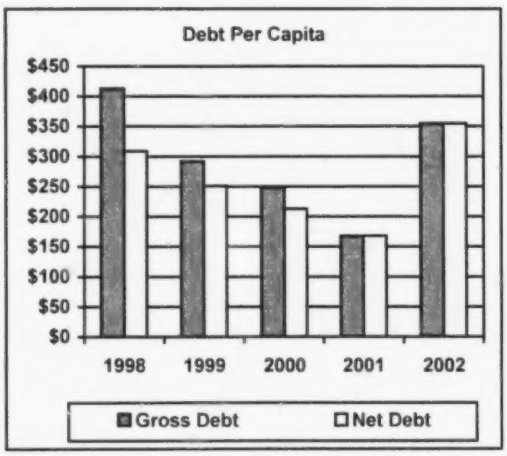
The total amount of debt owing by the City of Regina is 66,700. This debt was issued for completion of water and sewer capital projects.

The City of Regina's authorized debt limit is 94,000 (2001 – 94,000). The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Urban Municipality Act, 1984*. Of this amount, 66,700 (2001 – 32,300) has been utilized at year-end.

The City of Regina does not have any overlapping debt from other municipalities. In 2001, all sinking fund debt was extinguished.

All debt is issued in Canadian dollars.





Debt Information

Debt Service Costs (in thousands of dollars)

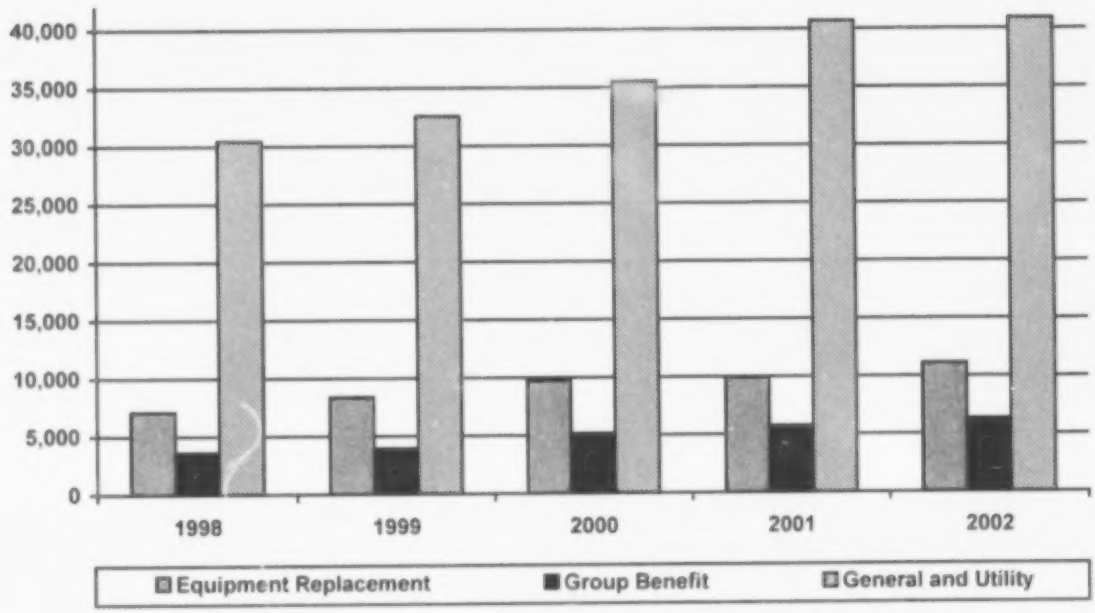
	1998	1999	2000	2001	2002
General Municipal Debt					
Principal	491	245	-	-	-
Interest	1,439	1,161	869	195	-
Sinking Fund Levies	566	406	296	60	-
	2,496	1,812	1,165	255	-
Water and Sewer Utility					
Principal	7,522	7,489	7,100	7,100	5,600
Interest	5,141	4,855	3,149	2,400	2,384
Sinking Fund Levies	956	920	86	15	-
	13,619	13,264	10,335	9,515	7,984
Total	16,115	15,076	11,500	9,770	7,984
Debt Service Costs as a Per Cent of Total Expenditures	8.5%	7.7%	5.9%	4.8%	3.3%
Debt Service costs as a Per Cent of Total Revenues	8.1%	7.4%	5.5%	4.3%	3.2%

Analysis of Debt (in thousands of dollars)

	1998	1999	2000	2001	2002
Total Debt Outstanding (Beginning of Year)	77,096	77,459	55,768	46,878	32,300
Debt Issued During Year	13,000	-	-	-	40,000
Debt Repayments During Year	(12,637)	(21,691)	(8,890)	(14,578)	(5,600)
Total Debt Outstanding (End of Year)	77,459	55,768	46,878	32,300	66,700
General Municipal Debt Outstanding (End of Year)					
- City of Regina's Share	8,217	4,790	3,709	-	-
- Property Owner's Share (Local Improvements)	2,389	1,912	1,203	-	-
	10,606	6,702	4,912	-	-
Water and Sewer Utility Debt Outstanding (End of Year)					
- City of Regina's Share	66,408	48,899	41,799	32,300	66,700
- Property Owner's Share (Local Improvements)	445	167	167	-	-
	66,853	49,066	41,966	32,300	66,700
Total Debt Outstanding	77,459	55,768	46,878	32,300	66,700

Reserve Information

Reserves for Future Expenditures (in thousands of dollars)



	Equipment Replacement Reserves	Group Benefit Reserves	General and Utility Reserves	Total
1998	7,113	3,639	30,465	41,217
1999	8,383	3,963	32,576	44,922
2000	9,737	5,174	35,551	50,462
2001	9,912	5,751	40,699	56,362
2002	11,128	6,316	44,866	62,310

Demographic and Economic Information

	1998	1999	2000	2001	2002
Population	187,259	188,194	189,400	191,400	187,429
Building Permits					
Number	1,491	1,472	1,462	1,407	1,510
Value ($000's)	139,500	161,680	113,332	192,509	140,417
Urban Dwelling Starts					
Regina	639	530	470	564	720
Inflation Rate (%)					
Regina	1.7	1.8	2.6	1.8	2.7
Saskatchewan	1.4	1.9	2.6	3.1	2.8
Canada	0.9	1.7	2.7	2.5	2.3
Unemployment Rate (%)					
Saskatchewan	5.7	6.1	5.2	5.8	5.7
Canada	5.0	5.8	6.8	7.2	7.7
Average Selling Price of Homes					
Regina	85,425	90,181	94,518	96,943	100,751
Saskatchewan	87,577	91,396	94,047	98,310	101,297
Canada	152,364	158,030	164,091	171,910	188,138

Sources: City of Regina, Canadian Real Estate Association and Sask Trends Monitor.

City of Regina Personnel

	1998	1999	2000	2001	2002
Total Staff - Full-Time Equivalents (Permanent and Casual)	2,168	2,175	2,195	2,226	2,259
Increase from Previous Year	13	7	20	31	33

Related Boards and Authorities

Regina Pioneer Village
430 Pioneer Drive
Regina, Saskatchewan S4T 6T8
Fax: (306) 757-5001
Phone: (306) 751-5225
Contact: Mr. Dick Chinn

Regina Downtown
206, 2314 – 11th Avenue
Regina, Saskatchewan S4P 0K1
Fax: (306) 359-9060
Phone: (306) 359-7541
Contact: Ms. Tracy Fahlman

Regina Regional Economic Development Authority (RREDA)
255, 1919 Rose Street
Regina, Saskatchewan S4P 3P1
Fax: (306) 352-1630
Phone: (306) 522-0227
Contact: Mr. Larry Hiles

Regina Public Library
2311 – 12th Avenue
P.O. Box 2311
Regina, Saskatchewan S4P 3Z5
Fax: (306) 352-5550
Phone: (306) 777-6060
Contact: Ms. Colleen Schommer

Buffalo Pound Water Administration Board
c/o City of Regina
Queen Elizabeth II Court
P.O. Box 1790
Regina, Saskatchewan S4P 3C8
Fax: (306) 777-6806
Phone: (306) 777-7411
Contact: Mr. David Calam

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